

## Message Text

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42/11

ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 AF-10 ARA-16 EA-11 NEA-14 RSC-01

AID-20 CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00

TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01

OMB-01 L-03 PA-04 PRS-01 USIA-15 INT-08 FEA-02 SCI-06

DRC-01 /207 W

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R 100901Z MAY 74

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 2716

INFO USMISSION USUN

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E.O. 11652:N/A

TAGS: OCON UNIDO

SUBJECT: UNIDO - EIGHT SESSION OF INDUSTRIAL DEVELOPMENT BOARD

REF: A. VIENNA 3850, B. VIENNA 3851, C. STATE

91807, D. STATE 91808, E. VIENNA 3742

SUMMARY: IDB STARTED WORK MAY 2 UNDER PRESIDENCY PERUVIAN AMBASSADOR FERNANDINI. UNDP REP DELL DELIVERED TO BOARD THAT AFTERNOON CONCILIATORY STATEMENT DESIGNED TO BLUNT THRUST OF ABDEL-RAHMAN CRITICISMS OF UNDP; IT STILL TOO EARLY TO SAY IF THIS WILL HAVE MUCH IMPACT ON LDCE WHO MAKING MAJOR ISSUE OF SIS PROGRAM. GENERAL DEBATE RANGED FAR AND WIDE WITH NO PARTICULAR SURPRISES. VIRTUALLY ALL DELEGATIONS SPOKE ON NEW INTERNATIONAL ECONOMIC SITUATION CALLING FOR NEW SET OF RESPONSES. ARAB OIL PRODUCING STATES BLAMED INDUSTRIALIZED COUNTRIES FOR RISE IN OIL PRICES. SUBSEQUENT CONSIDERATION OF PC REPORT OPENED UP UNRESOLVED

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ISSUES OF SIS AND INDUSTRIAL DEVELOPMENT FIELD ADVISERS

WITH LDCS FOLLOWING UP WITH FORMAL RESOLUTIONS ON THESE ISSUES. AD HOC COMMITTEE REPORT, CURRENTLY UNDER DEBATE, WAS INTRODUCED BY SRI LANKAN AMBASSADOR PATHMARAJAH WHO, ALONG WITH INDIAN AMBASSADOR, URGED PROMPT ACCEPTANCE OF REPORT. WE ANTICIPATE INTERVENTION TO STRESS IMPORTANCE TO WORK OF IDB OF RESULTS OF SPECIAL SESSION OF GA JUST CONCLUDED AND ARRANGED FOR AIZENSTAT OF NEW YORK LIAISON OFFICE TO GIVE VERBAL REPORT MAY 7. ALGERIANS TELL US THEIR GOVERNMENT HAS BEEN ASKED BY AFRICANS TO SUBMIT NOMINEE FOR EXECUTIVE DIRECTOR POST AND THEY ARE NOW CONSIDERING CANDIDATES. END SUMMARY

1. PERUVIAN AMBASSADOR FERNANDINI, TOGETHER WITH SAME OFFICERS OF PC-IV WITH EXCEPTION OF CZECH VICE PRESIDENT, WHO NOW IS KAREL KOMAREK, UNANIMOUSLY ELECTED MAY 2. CUBAN DELEGATE MADE SPECIAL INTERVENTION SUPPORTING FERNANDINI'S ELECTION, EXPLAINING HE INTERVENING SEPARATELY BECAUSE CUBA HAD NOT TAKEN PART IN LATIN AMERICAN CAUCUS DECISION TO SUPPORT FERNANDINI'S CANDIDACY. PRESIDENT OPENED BOARD SESSION WITH LENGTHY STATEMENT CLEARLY INTENDED GAIN HIM WIDE SUPPORT AS ABDEL-RAHMAN'S SUCCESSOR. HE ADDRESSED GENERAL THEMES OF NECESSITY OF UNIDO TO SHOW EFFICIENCY, ECONOMY, DYNAMISM, INITIATIVE, PRACTICAL RESULTS, DECENTRALIZATION OF ACTIVITIES AND EFFECTIVE COORDINATION. HE ALSO EXPRESSED CONCERN OVER PROLIFERATION OF COMMITTEES AND EXTENDED DURATION OF UNIDO SESSIONS WHICH PLEASED US.

2. IDB AGENDA ORDER CHANGED BY CONSENSUS SO THAT REPORT OF AD HOC COMMITTEE TO BE TAKEN UP BEFORE DISCUSSION OF PREPARATIONS OF PROGRAM/BUDGET 1976-77 AND MEDIUM-TERM PLAN 1976-79 AND UNIDO-II PREPARATIONS BECAUSE OF OBVIOUS CONSEQUENCE ADOPTION OF AD HOC COMMITTEE REPORT WOULD HAVE ON THESE ITEMS.

3. GENERAL DEBATE NOTEWORTHY INASMUCH AS VIRTUALLY ALL DELEGATIONS ADDRESSED THEME THAT RECENT EVENTS HAVE DEMONSTRATED NEW BALANCE OF ECONOMIC POWER WHICH MUST BE FACED BY NEW AND INNOVATIVE DEPARTURES. OUR LIMITED OFFICIAL USE

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INTERVENTION USED THEME OF SECSTATE'S ADDRESS TO SPECIAL GA SESSION, USING QUOTES, WE STRESSED NEW CHALLENGE OF INTERDEPENDENCE AND NEED FOR INCREASED COOPERATION. MOST DELEGATES USED ALL TOO FAMILIAR RHETORIC WITH CHINESE PUSHING THEME OF SELF RELIANCE AND EXHORTING THIRD WORLD TO BEWARE OF "IMPERIALISTIC AID." SOVIETS MORE BOMBASTIC THAN USUAL, WITH LONG AND TEDIOUS LIST OF SOVIET ACCOMPLISHMENTS IN

INDUSTRIAL DEVELOPMENT. BOTH SOVIETS AND CZECHS  
EARLY IN THEIR STATEMENTS WELCOMED DETENTE AND  
AGREEMENTS REACHED WITH US. MOST THIRD WORLD  
DELEGATES CALLED FOR NEW ECONOMIC ORDER IN WHICH THEIR  
ROLE WOULD BE LARGER, WITH MOST SHRILL STATEMENTS  
FROM NIGERIA, LIBYA AND ALGERIA (OBSERVER). MORE  
BALANCED AND PRACTICAL LDC INTERVENTIONS MADE BY  
PHILIPPINES AND IRAN. KUWAIT AND LIBYA PUSH OIL  
PRODUCER LINE HARD, BLAMING RISE IN OIL COSTS ON  
OVERALL INFLATION CAUSED BY POLICIES OF INDUSTRIALIZED  
COUNTRIES.

4. ON ITEM OF ADOPTION OF REPORTS OF PC III AND IV,  
REMARKS FOCUSSED ON SIS, FIELD ADVISERS AND EVALUATION  
WITH LINES DRAWN QUITE FIRMLY BETWEEN GROUP OF 77 AND  
GROUP B. ON SIS, UNDP REP DELL, WHOSE CONCILIATORY  
SPEECH ADDRESSED WIDE RANGE OF UNIDO-UNDP CONTENTIONS,  
PROPERLY PUT PROGRAM IN PROSPECTIVE BY COMPARING  
\$3.5 MILLION OF SIS PROGRAM TO UNDP ANNUAL PROGRAM OF  
\$300 MILLION. HE ANNOUNCED TWO NEW DEPARTURES UNDP  
ADMINISTRATOR PREPARED TO MAKE; NAMELY, TO PROVIDE  
FOR SOME OVERPROGRAMMING AND CARRY OVER OF SHORTFALLS  
OR EXCESSES INTO FOLLOWING YEAR. HE ALSO EMPHASIZED  
UNDP FAVORS SIMPLIFYING SIS PROCEDURES AND SUGGESTED  
ONE APPROACH MIGHT BE GENERAL DELEGATION OF AUTHORITY  
TO FIELD LEVEL. HE CONCLUDED THAT UNDP WOULD CONSULT  
WITH UNIDO'S EXECUTIVE DIRECTOR ON ALL NEEDED CHANGES.  
ABDEL-RAHMAN'S RESPONSE, WHILE ADMITTING NEW UNDP

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R 100901Z MAY 74  
FM AMEMBASSY VIENNA  
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DEPARTURES WERE ENCOURAGING, WAS SOMEWHAT NUANCED AND  
LESS FORTHCOMING THAN MIGHT HAVE BEEN.

5. ON INDUSTRIAL DEVELOPMENT FIELD ADVISERS, DELL  
STATED UNDP ADMINISTRATOR FOR TIME BEING WOULD CONTINUE  
FUNDING PRESENT LEVEL OF 30. AFTER CALLING ATTENTION  
TO FACT THAT FIELD ADVISER JOB EXTREMELY DIFFICULT  
HE MADE POINTED REFERENCE TO FACT THAT ONLY 23 (ACTUALLY  
24) OF PRESENTLY APPROVED 30 POSTS FILLED AND URGED  
SPEEDY RECRUITMENT.

6. GROUP OF 77 ON MAY 7 CIRCULATED TEXTS OF DRAFT  
RESOLUTIONS ON SIS AND FIELD ADVISERS ALONG LINES  
REPORTED REFTELS A AND B. WE SHALL HANDLE ITEMS  
FOLLOWING GUIDANCE CONTAINED IN REFTELS C AND D WHICH  
WE ALREADY USED IN STATEMENT ON THESE ITEMS. HOWEVER,  
IT NOT YET CLEAR EXACTLY WHAT GROUP OF 77 WILL SETTLE  
FOR GIVEN FACT THAT UNDP REP HARLAND HAS HELD  
CONSULTATIONS WITH ABDEL-RAHMAN AND THAT SET OF  
AGREED AMENDMENTS TO SIS GUIDELINES DUE TO BE ISSUED  
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SHORTLY. ALSO, UNDP AFRICAN SECTION HEAD DOO KINGUE  
NOW VISITING VIENNA AND HAD MEETING WITH AFRICAN  
DELEGATIONS MAY 8; HOPEFULLY THIS WILL BE OF SOME  
BENEFIT IF ONLY TO EXPLAIN UNDP PROCUEURES WHICH MOST  
CLEARLY DO NOT UNDERSTAND.

7. QUESTION OF EVALUATION SPARKED UNANTICIPATED SHARP  
DEBATE WITH LDC'S, BEHIND LEAD OF NIGERIA AND INDIA,  
SOLIDLY AGAINST CREATION EVALUATION UNIT IN SECRETARIAT.  
MANY CLAIMED EVALUATION OF UNIDO ACTIVITIES BY SUCH  
UNIT WOULD CONSTITUTE INFRINGEMENT OF NATIONAL SOVEREIGNTY  
AND THAT UNIDO ACTIVITIES TOO MINIMAL TO WARRANT EVALUATION.  
GROUP OF 77 HAD SHOWN NO INTEREST IN PARTICIPATING IN  
DRAFTING GROUP SET UP BY PC-IV IN OUR BEHEST AND THIS  
DEBATE AMPLY DEMONSTRATED MOST LDC DELEGATIONS HAD  
NO UNDERSTANDING OF EVALUTION. AFTER WE MADE PLEA FOR  
BETTER DIALOGUE, SRI LANKAN AMBASSADOR WAS ABLE KEEP  
ISSUE OPEN BY SUGGESTING INFORMAL DISCUSSION ON  
EVALUATION AMONG INTERESTED PARTIES TAKE PLACE AND  
TREATMENT OF THIS ITEM IN IDB-VII FINAL REPORT. IN

LATER INTERVENTION ON SUBJECT OF AD HOC COMMITTEE REPORT, USSR PROPOSED ESTABLISHMENT OF GROUP OF EXPERTS SELECTED ON BASIS GEOGRAPHIC DISTRIBUTION TO FUNCTION AS OVERSEERS OF EVALUATION, REPORTING TO PC OR IDB.

8. ITEM ON ADOPTION OF AD HOC COMMITTEE REPORT INTRODUCED BY COMMITTEE CHAIRMAN PATHMARAJAH, WHO CAREFULLY EXPLAINED CONTENTS OF REPORT AND STRONGLY URGED ITS ADOPTION. HE WAS SECONDED BY INDIAN. BRAZILIAN DELEGATE USED REPORT TO LAUNCH CALL FOR COMPLETED AUTONOMY FOR UNIDO. PRESENT PLAN OF ACTION CALLS FOR PATHMARAJAH TO ORGANIZE DRAFTING GROUP TO PREPARE TEXT DEALING WITH ADOPTION OF REPORT AND ANY RELATED ACTION NECESSARY.

9. WHILE WE HAVE NOT AS YET DISCUSSED PREPARATIONS FOR UNIDO-II IN IDB, SECRETARIAT, IN RESPONSE TO REQUEST BY PC-IV, ISSUED ANALYTICAL PAPER DEALING WITH NEW UNIDO ROLE TO DEAL WITH OVERALL ISSUE INTERNATIONAL INDUSTRIAL DEVELOPMENT IN TERMS OF PRESENT SITUATION, LIMITED OFFICIAL USE

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TRENDS FOR FUTURE, AND INTERNATIONAL DIVISION OF LABOR. GROUP B AGREES THAT DOCUMENT REQUIRES STUDY SUBSEQUENT TO PRESENT IDB SESSION. ALSO, GROUP B IN AGREEMENT WITH US TO OPPOSE THE SERVICING BY UNIDO SECRETARIAT OF ANY GROUP OF 77 MEETING PREPARATORY TO UNIDO-II (AS PROPOSED BY NIGERIA), BUT G-77 MAY ULTIMATELY OUTVOTE US.

10. ABDEL-RAHMAN HAS SHOWN CUSTOMARY FRIENDLINESS TO OUR DELEGATION AND CONFIDED HE WILL LEAVE UNIDO POST END OF DECEMBER AND HAS NO FUTURE PROFESSIONAL PLANS. KUWAITI DELEGATE REGRETTED A-R'S DEPARTURE IN GENERAL DEBATE, AND WE UNDERSTAND HIS STATEMENT HAD BEEN MADE WITH A-R'S APPROVAL. ALGERIANS INFORMED US THEY HAVE BEEN ASKED BY AFRICANS TO FURNISH CANDIDATE FOR EXECUTIVE DIRECTOR POST AND THEY NOW CONSIDERING POSSIBLE NAMES WITH REQUISITE BACK- GROUND IN INDUSTRY.

11. IDB PRESIDENT FERNANDINI, WHO WAS BUSINESS-LIKE CHAIRMAN OF PC-IV, IS NOW PERMISSIVE IN DEALING WITH ISSUES OF BOARD. IN OUR VIEW MUCH OF PROBLEM STEMS FROM HIS DESIRE TO BE ON GOOD TERMS WITH EVERY- ONE IN ORDER GARNER WIDEST POSSIBLE SUPPORT FOR HIS CANDIDACY FOR EXECUTIVE DIRECTOR POST. STIBRAVY

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## Message Attributes

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